

**21ST JUDICIAL DISTRICT COURT CRIMINAL COURT FUND
AMITE, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2011

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
As of and for the Year Ended December 31, 2011
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June 21, 2012

Independent Auditor's Report

Honorable Robert H. Morrison, III, Chief Judge and
Honorable Scott M. Perrilloux, District Attorney
21st JDC Criminal Court Fund
Amite, Louisiana 70422

We have audited the accompanying financial statements of the governmental activities and the general fund of the 21st Judicial District Court Criminal Court Fund, as of and for the year ended December 31, 2011, which collectively comprise the 21st Judicial District Court Criminal Court Fund's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 21st Judicial District Court Criminal Court Fund's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the 21st Judicial District Court Criminal Court Fund, as of December 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2012, on our consideration of the 21st Judicial District Court Criminal Court Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 7 and 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the

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Amite, Louisiana

basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs". The signature is written in dark ink and is positioned above the printed name of the firm.

Durnin & James, CPAs
(A Professional Corporation)

Required Supplemental Information (Part I)

Management's Discussion and Analysis

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
Management's Discussion and Analysis
December 31, 2011

Introduction

The 21st Judicial District Court Criminal Court Fund, Amite, Louisiana (the "Criminal Court") is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments* (hereinafter referred to as GASB 34), and related standards. Please read the following in conjunction with the Criminal Court's financial statements and footnotes, which follow this section.

Financial Highlights

- Total Assets for the year were \$375,510 at December 31, 2011 and exceeded liabilities in the amount of \$165,054 (i.e., net assets). Of the total net assets, \$(112,989) were unrestricted and available to support short-term operations. The balance of net assets reflects the investment in capital assets.
- Total Expenses increased for 2011 by \$53,856 in comparison with prior year expenditures. This increase in expenses of 4.10% is attributed to the increasing cost of criminal court operations and increased costs to the Judicial Expense Fund and the District Attorney in supporting the criminal court.
- Net Assets have increased by \$21,237 representing a 14.77% increase from the previous year. The Criminal Court's Office maintains a conservative approach in addressing all significant financial issues. With the current state of the economy, our office will continue to operate at the current level exercising all cost savings available while searching for new revenue sources.

Overview of Annual Financial Report

Management's Discussion and Analysis ("MD&A") serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the Criminal Court's financial condition and performance.

The financial statements report information of the Criminal Court using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the nature and amount of the Criminal Court's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the Criminal Court and assessing the liquidity and financial flexibility of the Criminal Court.

The Statement of Activities accounts for the revenues and expenses for the fiscal year, and provides information on how net assets changed during the year.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the Criminal Court's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule, key information schedules on operations of the Criminal Court, and schedules detailing audit findings and management response.

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
Management's Discussion and Analysis (Continued)
December 31, 2011

Financial Analysis

The purpose of financial analysis is to help determine whether the financial position of the Criminal Court is improved because of the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Assets and the Statement of Activities, are presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the Criminal Court.

Condensed Statement of Net Assets

	Governmental Activities			
	2011	2010	\$ Change	% Change
Assets:				
Current and Other Assets	\$ 97,467	\$ 157,812	\$ (60,345)	-38.24%
Capital Assets	278,043	241,159	36,884	15.29%
Total Assets	<u>\$ 375,510</u>	<u>\$ 398,971</u>	<u>\$ (23,461)</u>	-5.88%
Liabilities:				
Current Liabilities	\$ 210,456	\$ 255,154	\$ (44,698)	-17.52%
Total Liabilities	<u>\$ 210,456</u>	<u>\$ 255,154</u>	<u>\$ (44,698)</u>	-17.52%
Net Assets:				
Invested in Capital Assets	\$ 278,043	\$ 241,159	\$ 36,884	15.29%
Unrestricted	(112,989)	(97,342)	(15,647)	-
Total Net Assets	<u>\$ 165,054</u>	<u>\$ 143,817</u>	<u>\$ 21,237</u>	14.77%

The cumulative effect of changes in "Current and Other Assets" include increases in cash and receivables at year-end.

"Capital Assets" increased by \$36,884 reflecting \$120,559 in total acquisition cost of capital assets, less the depreciation recorded on capital assets of \$83,.

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
Management's Discussion and Analysis (Continued)
December 31, 2011

Condensed Statement of Activities

	Governmental Activities			
	2011	2010	\$ Change	% Change
Revenues:				
Program Revenues:				
Charges For Services	\$ 1,269,223	\$ 1,245,213	\$ 24,010	1.93%
General Revenues:				
Other Revenues	118,212	32,839	85,373	259.97%
Total Revenues	1,387,435	1,278,052	109,383	8.56%
Expenses:				
Criminal Court Expenditures	1,282,523	1,264,939	17,584	1.39%
Depreciation	83,675	47,403	36,272	76.52%
Total Expenses	1,366,198	1,312,342	53,856	4.10%
Change in Net Assets	21,237	(34,290)	55,527	-161.93%
Net Assets, Beginning of Year	143,817	178,107	(34,290)	-19.25%
Net Assets, End of Year	\$ 165,054	\$ 143,817	\$ 21,237	14.77%

While the Statement of Net Assets shows the change in financial position of net assets, the Statement of Activities provides answers to the nature and scope of these changes. The above table gives an indication of the results of operations for the year and insight as to the conservative management approach taken by the Criminal Court. In overview, "Total Revenues" experienced only an 8.56% increase while "Total Expenses" reflected an increase of 4.10% from that of the prior fiscal year. As a result, the Criminal Court's financial statements for the fiscal year ended December 31, 2011, reflected an overall increase in "Net Assets" of \$21,237, which is attributed to various factors collectively resulting in this favorable change.

Budgetary Highlights

The Criminal Court adopts an annual operating budget in accordance with requirements of the provisions of Louisiana R.S. 33:4574.2. Budgetary comparison statements have been provided for these funds to demonstrate compliance with budget appropriations. The operating budget is adopted before the end of the prior fiscal year and is amended after review of monthly budget comparison financial statements prior to year-end. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in "Schedule 1 – Budgetary Comparison Schedule," as supplementary information, following the footnotes to the financial statements.

Capital Assets

At the end of the fiscal year ended December 31, 2011, the Criminal Court had \$278,043 (net of accumulated depreciation) recorded in capital assets. The changes in capital assets are presented in the table below.

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Amite, Louisiana
Management's Discussion and Analysis (Continued)
December 31, 2011

	2011	2010	Dollar Change	Percent Change
Equipment	\$ 592,234	\$ 471,675	\$ 120,559	25.56%
Less: Accumulated Depreciation	(314,191)	(230,516)	(83,675)	36.30%
Net Capital Assets	<u>\$ 278,043</u>	<u>\$ 241,159</u>	<u>\$ 36,884</u>	15.29%

Future Funding of Operations

The Criminal Court will continue to take a very conservative fiscal approach in its operations. Our office will continue to seek new forms of revenue sources to provide additional funding for operations. All cost-saving measures will be considered in response to our fiscal responsibility in maintaining costs at a minimum.

Basic Financial Statements

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
Statement of Net Assets
December 31, 2011

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ (1,961)
Receivables, Net	99,428
Capital Assets, Net of Accumulated Depreciation (Note 5)	<u>278,043</u>
Total Assets	<u>\$ 375,510</u>
Liabilities	
Accounts Payable	<u>\$ 210,456</u>
Total Liabilities	<u>\$ 210,456</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	\$ 278,043
Unrestricted	<u>(112,989)</u>
Total Net Assets	<u>\$ 165,054</u>

The accompanying notes are an integral part of this statement.

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
Statement of Activities
For the Year Ended December 31, 2011

Exhibit B

		Program Revenues		Net Revenue (Expense) and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants	Governmental Activities
Governmental Activities:				
Criminal Court Expenditures	\$ 1,282,523	\$ 1,269,223	\$ -	\$ (13,300)
Depreciation	83,675	-	-	(83,675)
Total Governmental Activities	<u>\$ 1,366,198</u>	<u>\$ 1,269,223</u>	<u>\$ -</u>	<u>(96,975)</u>
General Revenues:				
Other Revenues				118,212
Total General Revenues				<u>118,212</u>
Change in Net Assets				21,237
Net Assets - Beginning of the Year				<u>143,817</u>
Net Assets - End of the Year				<u>\$ 165,054</u>

The accompanying notes are an integral part of this statement.

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
Governmental Fund Balance Sheet
December 31, 2011

Exhibit C

Assets

Cash and Cash Equivalents	\$ (1,961)
Receivables, Net	<u>99,428</u>
Total Assets	<u>\$ 97,467</u>

Liabilities and Fund Balance

Liabilities:

Accounts Payable	\$ 210,456
Total Liabilities	<u>210,456</u>

Fund Balance:

Unassigned	<u>(112,989)</u>
Total Fund Balance	<u>(112,989)</u>
Total Liabilities and Fund Balance	<u>\$ 97,467</u>

The accompanying notes are an integral part of this statement.

21st Judicial District Court Criminal Court Fund

Exhibit D

Amite, Louisiana

Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Assets
For the Year Ended December 31, 2011

Total Fund Balance, Governmental Fund (Exhibit C)	\$	(112,989)
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Governmental Capital Assets, Net of Depreciation	<u>278,043</u>
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Net Assets of Governmental Activities (Exhibit A)	\$	<u>165,054</u>
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The accompanying notes are an integral part of this statement.

21st Judicial District Court Criminal Court FundExhibit E**Amite, Louisiana****Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance****For the Year Ended December 31, 2011****Revenues:**

Fines	\$ 1,195,521
Forfeitures	59,535
AFF Reinstatement Fees	14,167
Other Revenues	<u>118,212</u>
Total Revenues	1,387,435

Expenditures:

21st JDC District Attorney	592,235
21st Judicial District Court	280,108
General Court Expenditures	410,180
Capital Outlay	<u>120,559</u>
Total Expenditures	<u>1,403,082</u>

Excess (Deficiency) of Revenues	
Over Expenditures	(15,647)

Fund Balance - Beginning of the Year	<u>(97,342)</u>
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Fund Balance - End of the Year	<u><u>\$ (112,989)</u></u>
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The accompanying notes are an integral part of this statement.

21st Judicial District Court Criminal Court Fund

Exhibit F

Amite, Louisiana

**Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended December 31, 2011**

Net Change in Fund Balance, Governmental Fund (Exhibit E)	\$	(15,647)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital Outlay	120,559
Depreciation Expense	<u>(83,675)</u>

Change in Net Assets of Governmental Activities (Exhibit B)	\$	<u>21,237</u>
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The accompanying notes are an integral part of this statement.

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
Notes to Financial Statements
December 31, 2011

Narrative Profile

The Twenty-First Judicial District Criminal Court Fund (hereinafter referred to as the “Criminal Court”), was established in compliance with Revised Statute 15.571.11(C)(5) to consolidate the Criminal Court Funds previously under the jurisdiction of each of the three parishes in the Twenty-First Judicial District – Tangipahoa, Livingston, and St. Helena. The Criminal Court collects (76%) percent of the fines collected and bonds forfeited in the District. These funds are used to pay the general expenditures of the Judicial District Court system in addition to reimbursing the expenditures of the District Attorney and the Judicial Expense Fund. Accordingly, the Criminal Court is considered to be a jointly governed organization by the District Attorney and the Judicial Expense Fund.

The accompanying financial statements of the Criminal Court have been prepared in conformity with accounting principles generally accepted in the United State of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Criminal Court is independent from the District Court System and the three parish governments in the Twenty-First Judicial District. Therefore, the Criminal Court reports as an independent financial reporting entity.

Based on the criteria established in GASB Statement No. 14, the Criminal Court has determined that it is a primary government. The Criminal Court has also determined that there are no component units that should be considered part of it for financial reporting purposes.

B. Fund Accounting

The Criminal Court uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Criminal Court functions or activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all of the Criminal Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the Criminal Court. The following is the Criminal Court's governmental fund:

General Fund – established in compliance with Louisiana Revised Statute 15.571.11(C)(5) to consolidate the Criminal Court Funds previously under the jurisdiction of each of the three parishes in the Twenty-First Judicial District. The fund collects (76%) percent of the fines

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
Notes to Financial Statements (Continued)
December 31, 2011

collected and bonds forfeited to be used for the operation of the Twenty-First Judicial District Court system.

C. Measurement Focus / Basis of Accounting

Basic Financial Statements – Government-Wide Financial Statements

The statement of assets and the statement of activities display information about the Criminal Court as a whole. These statements include all the financial activities of the Criminal Court with most of the interfund activities removed. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, net gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The Criminal Court does not allocate indirect expenses.

Basic Financial Statements – Governmental Funds

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Criminal Court's operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Criminal Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
Notes to Financial Statements (Continued)
December 31, 2011

Revenues – Fines, forfeitures, and court cost fees are recorded in the year they are collected by their respective collecting entities. Substantially all other revenues are recorded when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation - Explanation of differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities is presented in Statement F of the basic financial statements.

D. Budgets and Budgetary Accounting

A budget was adopted for the fiscal year ended December 31, 2011 presenting a complete financial plan for the general fund. The budget was prepared on the modified accrual basis. Because of variances between budgeted and actual amounts, the 2011 operating budget was amended. Unexpended budget balances lapse at year-end. The level of control for each budget is on the fund basis.

E. Cash, Cash Equivalents, and Investments

The Criminal Court's cash and cash equivalents are considered to be cash on hand, demand deposits, interest bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Under state law, the Criminal Court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the Criminal Court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments for the Criminal Court are reported at cost.

F. Capital Assets

Capital assets are capitalized at historical cost or estimated cost (the extent to which capital asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Criminal Court maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method. Equipment and vehicles are depreciated over a useful life of five years and furniture and fixtures are depreciated over a useful life of seven years.

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
Notes to Financial Statements (Continued)
December 31, 2011

G. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the District Attorney and Chief Judge (the Criminal Court's highest level of decision-making authority).
4. Assigned fund balances are intended to be used by the Criminal Court for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balances are the residual classification for the Criminal Court's general fund and include all spendable amounts not contained in the other classifications.

The Criminal Court's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order, at the end of the fiscal year by adjusting journal entries.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund.

As of December 31, 2011, the Criminal Court did not have any nonspendable, restricted, committed, or assigned fund balances.

H. Restricted Net Assets

For the government-wide statement of net assets, equity is classified and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
Notes to Financial Statements (Continued)
December 31, 2011

2. Restricted net assets – Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or by (b) laws through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the Criminal Court’s policy to use restricted resources first, then unrestricted resources as they are needed.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year-end. See Note 1-E regarding operating budgets.

B. Deposits and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3 regarding cash and cash equivalents, the Criminal Court complied with the deposits and investments laws and regulations.

C. Deficit Fund Equity

As of December 31, 2011, the Criminal Court’s General Fund had a deficit fund equity of \$112,989. Management will monitor this fund balance on an ongoing basis and will address the deficit in the near future.

3. Cash and Cash Equivalents

As reflected on Exhibit A, the Criminal Court has cash and cash equivalents totaling (\$1,961) at December 31, 2011. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
Notes to Financial Statements (Continued)
December 31, 2011

The following is a summary of cash and cash equivalents (bank balances) at December 31, 2011, with the related federal deposit insurance and pledged securities:

Bank Balances:

Insured (FDIC Insurance)	\$ 70,287
Collateralized:	
Collateral held by the Criminal Court's agent in the Criminal Court's name	-
Collateral held by pledging bank's trust department in the Criminal Court's name	-
Collateral held by pledging bank's trust department not in the Criminal Court's name	-
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 70,287</u>

Even though the pledged securities are not held in the entity's name, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Criminal Court that the fiscal agent has failed to pay deposited funds upon demand. Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. Custodial credit risk is the risk that in the event of a bank failure, the Criminal Court's deposits may not be returned to it. The Criminal Court does not have a deposit policy for custodial risk.

As of December 31, 2011, the Criminal Court was in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

4. Due From Other Governmental Units

Due from other governments consists of revenues from other governments totaling \$99,428. The outstanding balances as of December 31, 2011 consist of the following:

Livingston Parish Sheriff	\$ 26,783
St. Helena Parish Sheriff	3,350
Tangipahoa Parish Sheriff	25,223
Parish Witness Funds	43,524
Other Receivables	548
Total Receivables	<u>\$ 99,428</u>

No allowance for uncollectible receivables is required at December 31, 2011.

21st Judicial District Court Criminal Court Fund**Amite, Louisiana**

Notes to Financial Statements (Continued)

December 31, 2011

5. Capital Assets

Capital asset activity for the year ended December 31, 2011 is as follows:

	Balance 12/31/10	Increases	Decreases	Balance 12/31/11
Equipment	\$ 471,675	\$ 120,559	\$ -	\$ 592,234
Less: Accumulated Depreciation	(230,516)	(83,675)	-	(314,191)
Totals	<u>\$ 241,159</u>	<u>\$ 36,884</u>	<u>\$ -</u>	<u>\$ 278,043</u>

6. Accounts Payable

Accounts payable as of December 31, 2011 consists of the following:

21st Judicial District Court	\$ 87,749
21st JDC District Attorney	61,697
Other	<u>61,010</u>
Total Payables	<u>\$ 210,456</u>

7. Litigation and Claims

There is no litigation pending against the Criminal Court at December 31, 2011.

8. Related Party Transactions

The Criminal Court is a jointly governed organization by the District Attorney and the Judicial Expense Fund of the Twenty-First Judicial District of Louisiana. Under State law, all cash disbursements of the Criminal Court must be authorized by a "Motion and Order" system. A motion drafted and signed by the District Attorney and an order signed by the Chief Judge are required before any disbursement can be made. Disbursements of the Criminal Court are made either to pay direct expenditures of the Criminal Court itself or to reimburse the District Attorney or the Judicial Expense Fund for expenditures they incur for the operation of the Criminal Court system.

Required Supplemental Information (Part II)

Budgetary Comparison Schedule

21st Judicial District Court Criminal Court Fund
Amite, Louisiana
 Budgetary Comparison Schedule – Criminal Court Fund
 For the Year Ended December 31, 2011

Schedule 1

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Fines	\$ 1,090,000	\$ 1,196,000	\$ 1,195,521	\$ (479)
Forfeitures	300,000	50,000	59,535	9,535
AFF Reinstatement Fees	7,300	13,663	14,167	504
Other Revenues	60,000	117,000	118,212	1,212
Total Revenues	1,457,300	1,376,663	1,387,435	10,772
Expenditures:				
21st JDC District Attorney	655,785	655,785	592,235	63,550
21st Judicial District Court	300,000	311,000	280,108	30,892
General Court Expenditures	501,515	451,515	410,180	41,335
Capital Outlay	-	-	120,559	(120,559)
Total Expenditures	1,457,300	1,418,300	1,403,082	15,218
Excess (Deficiency) of Revenues Over Expenditures	-	(41,637)	(15,647)	25,990
Fund Balance - Beginning of the Year	(97,342)	(97,342)	(97,342)	-
Fund Balance - End of the Year	\$ (97,342)	\$ (138,979)	\$ (112,989)	\$ 25,990

See auditor's report.

**Other Independent Auditor's Reports and
Findings and Recommendations**

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
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June 21, 2012

Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Honorable Robert H. Morrison, III, Chief Judge and
Honorable Scott M. Perrilloux, District Attorney
21st JDC Criminal Court Fund
Amite, Louisiana 70422

We have audited the financial statements of the governmental activities and the general fund of the 21st Judicial District Court Criminal Court Fund as of and for the year ended December 31, 2011, which collectively comprise the 21st Judicial District Court Criminal Court Fund's basic financial statements and have issued our report thereon dated June 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the 21st Judicial District Court Criminal Court Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 21st Judicial District Court Criminal Court Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 21st Judicial District Court Criminal Court Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 21st Judicial District Court Criminal Court Fund's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 21st Judicial District Court Criminal Court Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect

on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs".

Durnin & James, CPAs
(A Professional Corporation)

21st Judicial District Court Criminal Court Fund

Amite, Louisiana

Schedule of Findings and Responses
For the Year Ended December 31, 2011

Internal Control over Financial Reporting

None

Compliance

None

21st Judicial District Court Criminal Court Fund

Amite, Louisiana

**Summary Schedule of Prior Findings
For the Year Ended December 31, 2011**

Fiscal Year Findings		Description of Findings	Corrective Action Taken		
Ref.#	Initially Occurred				
<u>Internal Control over Financial Reporting</u>					
None					
<u>Compliance and Other Matters</u>					
09-01	December 31, 2009	Violation of the Local Government Budget Act	Per Attorney General's opinion, the Local Government Budget Act does not apply to the Criminal Court Fund		

Note: This schedule has been prepared by the management of the 21st Judicial District Court Criminal Court Fund.